

1994 BUDGET CITY OF ATLANTA, GEORGIA

BILL CAMPBELL, MAYOR

FINANCE COMMITTEE ATLANTA CITY COUNCIL

Robb Pitts, Chairperson
Barbara Asher
Carolyn Long Banks
Davetta Johnson Mitchell
Jim Maddox
Lee Morris
Clair Muller

BUDGET COMMISSION

Bill Campbell, Mayor, Chairperson
Robb Pitts, Chairperson of Finance
Committee, Atlanta City Council
Mary Davis, Member of Council
C. T. Martin, Member of Council
Michael J. Bell, Secretary

CITY OF ATLANTA OFFICIALS

EXECUTIVE

Mayor.....Bill Campbell

LEGISLATIVE

City Council (Elected)

President of Council.....Marvin Arrington

Members of Council

District 1 - Vern McCarty
District 2 - Debi Starnes
District 3 - Michael Bond
District 4 - Clela Winslow
District 5 - Davetta Johnson Mitchell
District 6 - Mary Davis

District 7 - Lee Morris
District 8 - Clair Muller
District 9 - Jared Samples
District 10 - C. T. Martin
District 11 - Jim Maddox
District 12 - Gloria Tinubu

Members of Council-At-Large

City Council-At-Large - Post 13 - Robert (Robb) Pitts

City Council-At-Large - Post 16 - Barbara Asher

City Council-At-Large - Post 14 - Carolyn Long Banks

City Council-At-Large- Post 17 - Doug Alexander

City Council-At-Large - Post 15 - Sheila Brown

City Council-At-Large - Post 18 - Pamela Alexander

ADMINISTRATIVE

(Appointed)

Chief Operating Officer.....Byron Marshall

Chief of Staff.....Steve Labovitz

Director, City Council Staff.....Robert Barger
Police Chief.....Beverly Harvard (Acting)
Chief Financial Officer.....Michael Bell
Commissioner of Housing.....Carl Hartrampf (Acting)
Fire Chief.....David Chamberlin
City Attorney.....Joe Harris (Acting)
Commissioner of Water.....Remedios Del Rosario
Commissioner of Administrative Services.....Herb McCall (Acting)
Commissioner of Planning and Development.....Leon Eplan
Commissioner of Parks and Recreation.....Debby McCarty
Chief Judge, Municipal Court.....Barbara Harris
Commissioner of Personnel and Human Resources.....Lillie Hughes
Commissioner of Public Works.....Douglas Hooker
Aviation General Manager.....Angela Gittens
Chief Judge, Traffic Court.....Carson B. Shafer
Municipal Clerk.....Olivia P. Woods



CITY OF ATLANTA

BILL CAMPBELL
Mayor

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DEPARTMENT OF FINANCE
DR. MICHAEL J. BELL
Chief Financial Officer

IRENE A. WREEN
Deputy
Chief Financial Officer

BUREAU OF
BUDGET AND MANAGEMENT ANALYSIS
Mattie L. Thompson, Director

May 26, 1994

Dear Budget Reader:

The 1994 Budget for the City of Atlanta presented a challenge to the Mayor and City Council, who wished to avoid a property tax increase while continuing to provide top quality services to City residents and visitors alike. Several factors combined to limit revenue projections for 1994, requiring substantial spending cuts that impacted all City Departments. The first critical issue was the substantial reduction in salary savings during 1993 resulting from a reduced level of funding of salaries to 94% as opposed to the traditional 100% funding level. A gradual progression is recommended to recover the annual salary savings experienced in previous years when salary accounts were funded at 100%. We plan to increase the funding level for these accounts in subsequent years by imperceptible degrees. The first increase was adopted in this budget and salaries are funded at 96%. The second critical issue was the reassessment of property in the City and the large number of appeals that delayed collection of real property taxes in 1993. This delay caused 1993 receipts to fall below estimated receipts by approximately \$5,000,000. This had the dual impact of reducing the cash carry forward for the total General Fund (from \$44,514,560 in 1993 to \$24,467,561 for 1994), and reducing the funds available for 1994 since anticipations cannot exceed 99% of prior year receipts under State Law. Another contributing factor was the legally required reduction in the General Fund property tax rate by .5 mills, from 11.49 in 1993 to 10.99 in 1994.

In addition to revenue constraints, expenditure growth had to be curtailed to balance the City Budget. The City granted a 6% cost of living adjustment to all City employees in April, 1993 in recognition of the valuable services employees provide and the ever increasing costs that have eroded personnel budgets. The

full year impact of that adjustment drove costs upward in 1994. The combined impact of the revenue anticipation reduction, a lower amount carried forward from the prior year and increased personnel costs resulted in several hard choices being made to balance the 1994 Budget without a tax increase. These decisions included reduction of personnel and suspension of automatic annual raises for the General Fund. Substantial reductions were also made in Other operating and Capital accounts. The function of the Board of Tax Assessors, previously shared between the City and County, was transferred to Fulton County, effective January 1, 1994.

The City's General Fund Budget for 1994 totals \$374,656,048, representing a .3% reduction from the 1993 Adopted Budget. The Airport Revenue Fund totals \$127,580,399 in 1994, up 11.7% from 1993 due largely to an increase in Reserves. The Water and Sewerage Revenue Fund Budget for 1994 is \$125,335,876 for 1994, up 16.9 % as a result of increases in Reserve and Other Current Operating Expenses in order to comply with substantial unfunded mandates.

Anticipation levels in most revenue categories for 1994 are lower than 1993 actual receipts, in accordance with applicable law. This revenue estimation method generally results in receipts exceeding anticipations, keeping the City on a sound financial footing. The City of Atlanta Charter requires that revenue anticipated in any individual revenue category not exceed 99% of the prior year's actual receipts unless a rate increase has been enacted. Please refer to the Revenue section of this document for a detailed description of revenue anticipations.

Local Option Sales taxes are projected to increase, based on the higher collection rates experienced in 1993. The increase in sales tax revenues allowed the City to roll back property tax rates by .5 mills. The Hotel/Motel Occupancy Tax is also projected to increase, but the proceeds must be shared with the Georgia Dome and the World Congress Center.

The 1994 Budget reflects the impact of a number of actions that have increased City services*substantially above the normal rate of inflation, outpacing the growth in revenues. In addition to the increase due to the cost of living adjustment noted above, the General Fund cost associated with debt service has also increased to nearly \$6,000,000 for 1994, compared to \$1,628,153 in 1993. This increase includes principal and interest cost for the City Hall East Acquisition. Further, anticipated subsidies for the Underground Atlanta Project have increased by \$1,000,000. Public Safety costs have increased with the need to staff and equip new facilities, most notably the New Pre-Trial Detention Facility. Also, City Council prudently set aside \$3,500,000 in anticipation of a bond issue to fund crucial infrastructure repair and improvements.

The 1994 City Budget is the first to be passed under the new administration of Mayor Bill Campbell. The Atlanta City Council accepted most of the recommendations of the Mayor to balance the budget, however, the Council did make changes amending the Mayor's recommended budget regarding the level of funding for the Atlanta Police Cadet Program, the Traffic Court Solicitor's Office and restoration of five positions in the Department of Public Works. The

Council also authorized an early retirement program which is expected to generate salary savings during 1994.

Summary of General Fund Budget and Associated Major Programs

While reducing overall cost for the General Fund, all essential services to the safety and health of the citizens of the City of Atlanta are being maintained. The 1994 property tax rollback of .5 mills, coupled with the rollbacks of .3 and .2 mills in the last two years, results in a 1 mill decrease in the City property tax rate over a three year period. Despite the cutbacks made necessary by the anticipated revenue shortfall, several new initiatives which are critical to the citizens of Atlanta were included in the 1994 Budget.

During the 1994 Budget developmental process, of first priority was the need to reduce the number of authorized positions employed by the City, while continuing to motivate and reward employees who have excelled in their performance. The impact of a 6% COLA granted in 1993 for all city employees (effective April 1, 1993), increased personnel services by approximately \$14 million for 1994. However, the City of Atlanta was able to absorb this increase in Personnel Services by abolishing 305 permanent positions (this includes 98 positions that had been defunded in 1993), 19 temporary/probationary positions and transferred 6 additional positions to other funds. This resulted in approximately \$7 million available for reallocation.

During 1993 a Management Audit was conducted of two of the City's largest departments - the Department of Public Works, the Department of Parks and Recreation. Implementation has begun and is expected to further reduce authorized position strength by over 170 additional positions and will ensure improved management, elimination of duplication of services and improve productivity and efficiency to help curb the cost of government.

Implementation of the Department of Personnel's city-wide survey of the Pay and Classification Plan conducted during 1993 is expected to ensure internal equity and external competitiveness, and will provide administrative and elected officials a basis for long-term salary level decisions that will assist in managing personnel costs in future budget years.

While personnel cost are a substantial and vital part of the cost of government services, the Department of Personnel has begun implementation of a Human Resource and Payroll System that will assist in better managed resources, improve payroll practices and provide better tracking of existing personnel and new applicants for city employment

During 1994, the Department of Finance began implementation of the Management Analysis and Response System for Governments (MARS/G) which will improve the City's ability to manage costs, address information needs at all levels, providing system information for Executive review, audit requirements (City's requirements, GAAP and GASB), and user tracking of material requests.

This system will optimize work effort system-wide and maximize overall system efficiency for the City of Atlanta.

Despite financial constraints, public safety remains a top priority and continues to enjoy a strong commitment from the Mayor and other elected officials, as reflected in this Adopted Budget. A new course had been charted with more efforts directed toward the Community. This fact is evident by the program already exercised by the Mayor toward Community Policing. This program concept expands the use of mini-precincts, many using donated space within the communities. Community policing is based on the concept that police officers and private citizens working together in creative ways can help solve contemporary community problems related to crime, fear of crime, social and physical disorder and neighborhood decay.

The effort toward citizens' safety and involvement is being buttressed by the Police Department's aggressive move to expand its service and protection program to assign officers to Atlanta Housing Authority to reduce the high incidence of crime in communities it serve. This program is supported from Federal funding allocations from the Comprehensive Assistance Program (CIAP) District III Police Services Grant and the Public Housing Drug Elimination Program III (PHDEP).

Another project designed to reduce the high incidence of crime and improved management of data resources, is the implementation of a Comprehensive Criminal Justice Information System (CJIS) for the Police Department, Municipal Court, Traffic Court and Office of Corrections. This automated criminal justice information system will provide a means to operate a coordinated, efficient system to provide increased capability of projecting, preventing and responding to crisis situations and will result in improved public safety throughout the City of Atlanta.

The New Pre-Trial Detention facility scheduled for completion during 1994, is designed for Eight Hundred and Eighty Beds (880) comprising 300,000 sq. ft. and will provide combined holding/housing capacity of 1,030 inmates. The holding and living units are designed to facilitate direct supervision of inmate activities, thereby minimizing the incidence of assaults, fires, suicides, vandalism and medical emergencies.

The City of Atlanta has entered into an inter-governmental agreement with the U.S. Marshall Service which utilizes the present City Jail as a short-term holding facility for prisoners arrested by Federal Law Enforcement Agencies. The City will be reimbursed on a per diem rate negotiated annually to defray the City's operating cost and assist in debt service coverage.

Additional staffing for the New Pre-Trial Detention Facility will be phased in during the second half of 1994. Present plans call for 76 new positions to be phased in to coincide with the opening of the facility.

The pilot curbside recycling program which was expanded in 1993 has been successfully converted into a city-wide effort, encompassing 87,000 single-family households at an annual cost of \$2.6 million. This program meets the 1990 State

of Georgia Comprehensive Solid Waste Management Act to reduce the amount of landfill or incinerated waste by 25% by 1996 and has been well received by the citizenry.

In response to other landfill issues, the City of Atlanta Solid Waste Management Authority was enacted by legislation of City Council during 1993, to operate as an quasi-independent agent of the City. The primary function of this Authority is to provide financing and administration of the closure of the Gun Club Road and other landfills.

Under the Regional Solid Waste Management Authorities Act of 1990, this Authority may issue bonds to effect financing of projects relating to collection, transportation, storage, disposal, and other administration of solid waste, thereby, providing a financing mechanism for costs related to landfill closure and providing much needed relief to the City's General Fund.

Other Funds Budgets

Budgets for capital and other governmental funds for 1994 consist mainly of carry forward amounts initially appropriated in prior years. Grant program receipts were generally consistent with prior years, continuing recent trends of decreasing availability of such funds. Summaries of the budgets for these funds are contained in the appropriate fund sections.

Budgets for proprietary operations and fiduciary activities are also contained in this document and are presented in each section as appropriate. Summaries of the financial operations of each proprietary entity are contained in the respective fund sections; summaries of the organizational units funded through proprietary functions are contained in the operating budgets sections.

Conclusion

The 1994 Adopted Budget called for extremely difficult decisions as a result of unusual revenue constraints, increased expenditure pressure, coupled with a lower cash carry forward from the previous year. While many of the decisions necessary to balance the budget were unpleasant, this budget still provides sufficient funding for the City to continue essential services.

This budget clearly demonstrates the commitment of the Mayor, the City Council and other City officials and staff to provide quality municipal services as economically as possible. We, in the Department of Finance, would like to express our appreciation to the Mayor and City Council, along with appointed officials and city staff who participated in the development of the 1994 Budget.

Sincerely,



Dr. Michael J. Bell
Chief Financial Officer

CITY OF ATLANTA 1994 BUDGET

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**CITY OF ATLANTA
1994 BUDGET**

INTRODUCTION

The 1994 budget document is structured on a programmatic basis, presenting budgets for budget entities (organizations, capital projects, and grant projects) across fund lines. Traditional fund presentations are retained, but are at summary rather than detail level for expenditures and appropriations. Revenues are shown at detail level within funds.

The organization of this document is as follows:

Section 1: Fund Budgets

This section contains the budgets and prior two years data for each fund and fund group. This section includes fund or fund group narratives, as well as detail revenue and summary expenditure and summary appropriations data for each fund.

Section 2: Departmental Operating Budgets

This section contains the operating budget for each organizational unit of city government. The operating budget is defined as the annual budget for the routine, ongoing activities and work program of an organizational unit, as opposed to budgets which may also be established for specific projects, and other activities of a non-recurring nature. This section contains financial data, integrated to show all funding sources for the operating budget, staffing, and programmatic data.

Section 3: Capital Project Budgets

This section contains the 1994 budgets for each funded capital project, and expenditures for the past two years for all projects funded in 1992 or 1993. Capital projects represent additions of or improvements to fixed assets of the city. These budgets are arranged by project and are integrated to show all funding sources.

Section 4: Grant and Non-Capital Projects Budgets

This section contains the 1994 budgets and expenditures for the past two years for all projects funded in 1992 or 1993 which are not capital in nature. (Capital projects funded in whole or in part from grant funds are shown in the Capital Projects Section.) Budgets for current year debt service requirements are shown in this section.

Appendix

This section contains general statistical and financial data about the City of Atlanta, as well as a glossary of terms found in this document or used in the budget process.

Several technical notes are important to facilitate the use of this document. These are:

1. The city's budget is a cash budget. Revenue anticipations are based upon prior year's actual cash receipts and an estimation of current year cash receipts. Budgets are set to cover projected cash expenditures.
2. Some totals may not add exactly due to rounding.
3. Position counts shown as part of departmental budgets are for authorized permanent, full time positions unless otherwise noted. The change from the past year represents a comparison with the previous year's adopted budget staffing level. The "change in authorized personnel" shown in the departmental activity level represents the actual "1994" Budget change.
4. The notation "NA" in workload measure sections indicates that the appropriate prior year statistics are not available. This can mean that the measure was not relevant to the prior period or that statistics were not kept in the prior period, or statistics were not available at time of printing.
5. A "Non-Departmental" category exists to account for expenses or appropriations which are not allocated to departmental budgets. Due to the unique nature of items funded in this category in the General Fund, the Non-Departmental category of the General Fund Budget is included in the Departmental Operating Budgets section. Non-Departmental categories appearing in other funds consist primarily of items reimbursed to General Fund, reserves, and debt service.



CITY OF ATLANTA

BILL CAMPBELL
MAYOR

CITY HALL
55 TRINITY AVENUE, S.W.
ATLANTA, GEORGIA 30335-0300
(404) 330-6100

February 7, 1994

Council President Marvin Arrington
& Members of City Council
City of Atlanta
55 Trinity Avenue, SW
Atlanta, Georgia 30335

Dear President Arrington and Members of City Council:

Over the last four weeks, we have conducted an intense review of the proposed 1994 Budget and the financial resources of the City. We asked for and listened to alternative proposals from department heads. We assembled a volunteer team of well-respected and experienced executives to assist us in this process. This team reported to us their evaluation of our financial situation and their budget recommendations and we shared all of this information with members of Council in a special, work session. Set forth below is my recommendation to you regarding the Proposed Budget as submitted to the Council on January 3, 1994.

Funds Available for the 1994 General Fund Budget

1993 Year-End Cash Carry-forward	\$ 24,467,561
Anticipated Revenue	<u>\$340,588,487</u>
Sub-Total	\$365,056,048

Additional Sources of Funds

GMA Loan Pool Proceeds from prior years' equipment purchases	\$ 8,000,000
Restructuring Bond Refunding Escrows to benefit of General Fund	<u>\$ 1,600,000</u>
Sub-Total	\$ 9,600,000

Total Funds Available for the 1994 General Fund Budget \$374,656,048*

* This represents a \$1,936,766 increase over estimated Funds Available as of January 3, 1994. The increase is due to additional 1993 revenues received after the January 3 date and a decrease in Appropriations Payable (AP's).

THE 1994 GENERAL FUND BUDGET

The 1994 requirement for the funding of all operations at the 1993 level is \$404,112,916, as presented to you by Mayor Jackson in his January 3 transmittal letter. This funding level covers:

- 100% (not 94%) funding of all authorized positions.
- Full-year budgeting for the 1993 COLA and position creations.
- No increase in other expenses above 1993 levels.
- No use of General Funds for any 1994 program changes.
- Debt service for use of the GMA \$8 million loan proceeds.

The conclusion is clear. We simply cannot afford to continue General Fund expenditures at the current rate, unless we are prepared to raise property taxes. Since I cannot recommend raising property taxes to operate the day to day operations of government, we must cut the budget. The cuts must be real expenditure cuts and must be on-going. We must reverse the trend, not merely delay it. And we must budget with more than the current year in mind. The budget decisions of one year must be evaluated as to how they fit into our future funding projections.

The across-the-board budget cuts in the Proposed Budget are deep but necessary. Using the proposed budget as delivered to the Council as the basis, I recommend the following changes in the across-the-board cuts:

- the elimination of the five (5) day mandatory furlough for all employees,
- the substitution of the proposed employee pension contribution rate of 6% with a contribution rate of 7%,
- the reduction of CODA planning and administrative funding from \$1 million to \$500,000,
- the added budget reduction of a suspension of merit increases,
- the restoration of critical funding needs in Corrections, Traffic Court and Municipal Court, and
- the adjustment of various cuts based upon alternative, acceptable cuts offered by departments within their bottom line.

The resulting total reductions from the \$404,112,916 base budget that I recommend are as follows:

Recommended Reductions:

- | | |
|---|---------------|
| • Rebuild position funding from 94% to 96%. Our goal remains to work back to the pre-1993 100% funding level by 1996. | (\$8,931,451) |
| • Abolish 221 vacant positions.
(No police positions will be eliminated.) | (\$6,281,573) |
| • Abolish 103 positions defunded in 1993.
(Funding already eliminated from budget.) | \$0 |
| • Eliminate Extra Help funding except for the Summer Programs in Parks and Sanitation which will continue to provide recreation and employment for our youth. | (\$718,066) |
| • Separate temporary employees currently on payroll. | (\$833,701) |

• Immediate personnel reductions subject to Vacancy Task Force determination.	(\$917,158)
• Suspend Merit Increase in 1994	(\$2,253,080)
• Change tax treatment of employee's pension contribution to a pre-tax contribution. This will save employees \$1.8 million in taxes. An average employee will see approximately 1.1% increase in take-home pay.	\$0
• Change employee pension contribution rate from 4% to 7%.	(\$5,428,199)
• Defund Volunteer Initiative Program in General Fund. (Program can be volunteer staffed using retired executives.)	(\$12,240)
• Decrease funding for non-motorized equipment from \$3.5 to \$2 million.	(\$1,368,659)
• Suspend Sick Leave Bonus Program for 1994 (Since the bonus is given at year-end, this program will be re-evaluated during the third quarter.)	(\$800,000)
• Reduce CODA planning and administrative funding. (Funding for CODA capital improvements not affected.)	(\$500,000)
• Eliminate Low Voltage Electrical Program.	(\$191,000)
• Reduce uniform funding city-wide by \$798,000. (Total recommended budget of \$997,288 plus \$790,895 carried forward is still greater than total expended in 1993.)	(\$798,000)
• Reduce travel and training accounts to \$400,000.	(\$341,961)
• Other Departmental Decrements **	(\$5,166,127)
Total Reductions	(\$34,541,215)

** Other Departmental Decrements have increased as several departments have devised alternative reductions while keeping to their previously recommended bottom line. These changes also resulted in a corresponding decrease in certain across-the board reductions. The dollars of individual reductions may vary depending on the method of presentation but not the total of all reductions.

These reductions bring our General Fund budget requirement down from \$404,112,916 to \$369,571,701 allowing us to establish a Carry Forward Reserve for the 1994 Budget of \$5,084,347 for a total budget of \$374,656,048.

I realize that most of these reductions either reduce employment levels in the City or impact pay levels. I must remind you that, exclusive of debt service and intergovernmental payments, personnel services account for 74.9% of the remaining budget. It is not feasible to achieve \$34.5 million reduction in the budget without reducing personnel expenses. What these reductions do achieve is a cut in personnel expenses with the least impact on permanent City employees.

To ensure that our employment reductions are met, I am issuing an Executive Order instituting a hiring freeze and re-establishing a Vacancy Task Force which will review and decide on all requests for exemptions to the freeze during 1994. With these tools and with close and regular monitoring of expenditures, we are committed and ready to control expenditures within the recommended levels.

The Amended Proposed 1994 Budget which I recommend

- Is balanced with no tax increase to fund the day to day operations of government.
- Is projected to produce a needed \$25 million in 1994 Cash Carry Forward, provided expenditure controls, particularly the hiring freeze, are firmly enforced and maintained throughout the year.
- Preserves operational Police strength. No Police positions will be eliminated.
- Maintains funding levels in Operating and Capital Expense areas at 1993 level, with the exception of selective reductions, which will allow departments to continue normal operations.
- Contains a full-year funding for the Recycling Program begun mid-1993. Any additional sanitary programs implemented in 1994 must also be funded through new sanitary fees.
- Provides \$500,000 in support for CODA planning and administrative costs. Matching funds for the CODA Capital Improvements will be budgeted in the Annual Bond Funds, not in the General Fund. Savings from an October 1993 annual bond refunding makes this match revenue neutral to the taxpayer through the Olympics.

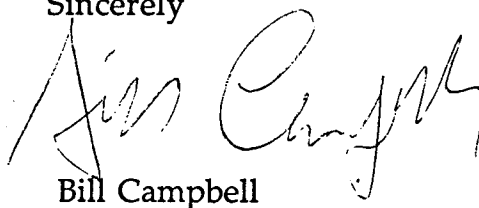
Council President Marvin Arrington
& Members of the City Council
February 7, 1994
Page 6

- Provides additional staffing for the new Pre-Trial Detention Facility; some of these positions are funded through the Jail Trust Fund, while others are funded through the General Fund. Note that it will be necessary to fund additional positions in the General Fund in order to provide adequate staffing in the new jail.

We recognize that this budget represents some difficult choices. We believe that these choices are absolutely necessary in order to keep the City on a solid financial foundation and maintain our favorable bond rating. It is likely that similar hard choices will be necessary in the future and we intend to be aggressive in decreasing the costs of operating government.

I respectfully and with best wishes submit these budget recommendations for your consideration.

Sincerely

A handwritten signature in black ink, appearing to read "Bill Campbell", written over the printed name.

Bill Campbell